

TOKYO GAZETTE

A MONTHLY REPORT OF CURRENT POLICIES,
OFFICIAL STATEMENTS AND STATISTICS

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Vol. III No. 5

November, 1939

Published Monthly by the Tokyo Gazette Publishing House

The TOKYO GAZETTE is published monthly by the Tokyo Gazette Publishing House under the supervision of the Cabinet Information Bureau. Its purpose is primarily to supply information concerning the nature of problems being confronted today by the Japanese nation as a whole, and of the governmental steps being taken to solve these problems.

The material in the TOKYO GAZETTE is selected mainly from the *Weekly Report*, edited by the same Bureau. The accuracy and comprehensiveness of data presented in the *Report* are fully established. For the benefit of students of Japanese affairs, the TOKYO GAZETTE is endeavouring to maintain these qualities in the hope that its publication will eliminate unfortunate misunderstandings and thus contribute to world peace and international goodwill.

RESOURCES OF THE TREASURY DEPOSIT BUREAU RE-EXAMINED

TREASURY DEPOSIT BUREAU

IN the January, 1938, number of TOKYO GAZETTE there appeared a brief article regarding the resources of the Treasury Deposit Bureau. Since then, these resources have increased considerably in amount and significance and the whole system has functioned most effectively as a State institution of banking under the current emergency. In this review, therefore, a fuller explanation is offered, showing the sources of the funds and the manner in which they are used.

In September, 1937, the total amount of the funds at the disposal of the Bureau passed the 5,000,000,000 yen mark. They increased by 1,000,000,000 yen in 16 more months, by the end of January, 1939, and passed the 7,000,000,000 yen figure last August 21.

This amount indeed is greater than the aggregate deposits in the big five banks of Japan—the Mitsui, the Mitsubishi, the First, the Yasuda and the Sumitomo banks—and represents approximately 40 per cent of the total amount of deposits in all the other banks in the country, making the Bureau the foremost financial institution in Japan.

It is a only natural that such a powerful financial institution as the Treasury Deposit Bureau should have an intimate bearing on the economic life of the people, although there may be not a few who are unaware of the benefits they are receiving in many respects through the operation of the funds at its disposal.

Most of the 7,000,000,000 yen in the stewardship of the Bureau comes from the Postal Savings deposits, fruits of the toil of the entire nation, and from the purses of those who have purchased governmental savings-debentures. It may be of interest to know the way in which the funds are operated, and the contributions they are making toward the smooth progress of the national economic and financial policies.

Sources of the Funds

The bulk of the resources of the Deposit Bureau consists of the Postal Savings deposits or—5,200,000,000 yen to be exact—as well as the proceeds from the sale of the savings-debentures. Detailed

figures, as of August 21, 1939, classified according to different sources, are given as follows:

1. *Postal Savings Deposits*—5,206,800,000 yen or 73.4 per cent of the total amount of the Funds

All the money paid in by individuals at the cashiers' windows of the post offices as Postal Savings goes to the Treasury Deposit Bureau. Interest is paid regularly by the Bureau through the post offices, while the principal is invested in State and public-welfare enterprises. The depositors, therefore, are at once saving money for the assurance of their own economic security in conformity with the national principles of savings campaigns and contributing, however indirectly it may be, to the promotion of the State and public-welfare enterprises, through the efficient operation of the Deposit Bureau.

2. *Postal Savings Transfer*—168,520,000 yen (2.4 per cent)

3. *Proceeds from the sale of Savings-Debentures and Reconstruction Savings Certificates*—232,110,000 yen (3.3 per cent)

For the purpose of raising funds for the military operations in China, on the one hand, and to encourage national savings on the other, the Government has issued on several occasions since December, 1937, savings-debentures through the Hypothec Bank of Japan, the proceeds of which are in the custody of the Deposit Bureau. In view of the nature of such debentures, this money is set aside principally for the purchase of national bonds. Similar savings-debentures were issued at the time of the Russo-Japanese War of 1904-1905.

The Reconstruction Savings Certificates were issued to raise funds for reconstruction of devastated areas immediately following the Great Earthquake of 1923, and for the promotion of local industrial enterprises. The proceeds of the sale also have been kept in the custody of the Bureau and there is a balance on hand of about 70,000,000 yen.

4. *Money transferred from the Special Accounts*—663,080,000 yen (9.3 per cent)

Of all the sources of the deposit funds, the money transferred from various special accounts is next in importance to the Postal Savings deposits. Under the accounts system of the Imperial Treasury, all the cash held by different special accounts as funds or reserves is to be put at the disposal of the Deposit Bureau, to be managed for public purposes, provided such money is in no immediate need in the respective special accounts. Some of these transferred accounts, for instance, are the surplus funds or reserves of the National Debt Readjustment Fund, the State Property Readjustment Fund, the Gold Fund, Health Insurance, Communications Enter-

prises, Post Office Life Insurance and the Chosen Post Office Life Insurance. The amount of deposits from these sources fluctuates, but it is in general on the increase and averages 500,000,000 yen a year, occasionally totalling as much as 700,000,000 yen. The present total of 663,080,000 yen comes from the following sources:

	Yen
(1) Deposits of National Debt Readjustment Fund	1,000,000
(2) Deposits of the Department of Education	720,000
(3) Deposits of the State Property Readjustment Fund	20,240,000
(4) Health Insurance Deposits	11,740,000
(5) Deposits of the Communications Enterprises	30,600,000
(6) Deposits of the Post Office Life Insurance	138,360,000
(7) Deposits of the Chosen Post Office Life Insurance	82,850,000
(8) Deposits of other special accounts	377,570,000

5. *Deposits of the special banks*.....46,680,000 yen (0.7 per cent)

These deposits represent the funds of both the Central and prefectural governments, including the fund of the Military Relief Board (formerly known as the Wounded Soldier's Protection Board), the poor and emergency relief funds of local governments, and the semi-official special banks.

6. *Private bonds and other money entrusted to the special custody of the Deposit Bureau*.....47,550,000 yen (0.7 per cent)

(a) Lost money which remains unclaimed after being held by police stations the prescribed length of time eventually finds its way to the Deposit Bureau.

Any person or company making a contract with the Government must furnish a bond guaranteeing satisfactory performance of his obligations thereunder, and this bond also is deposited with the Bureau.

(b) Security bond money paid to the Government by candidates for the House of Representatives to the amount of 2,000 yen each, as guarantee of fidelity, or by debtors in accordance with the provisions of the Code of Civil Procedure, is kept in the custody of the Bureau.

7. *Reserve funds of the Deposit Bureau*.....727,150,000 yen (10.2 per cent)

The annual surplus in the Bureau's own special account is kept in reserve, just as in the case of ordinary banking corporations, to refund the natural depreciation in the value of its assets or to make good losses. The only difference is that the Bureau pays no dividends as do the commercial corporations, with the result that the entire surplus is kept in reserve.

When the Bureau came into being in 1885, the reserve from surplus amounted to only 39,000 yen, but it has increased steadily,

particularly during the period following the World War, until an annual average of 60 or 70 million yen of surplus has been attained in recent years.

This pyramiding of the reserve fund to the vast amount of more than 700,000,000 yen makes for greater security and stability in the operation of the combined funds of the Bureau and works as a factor for lowering the interest rates on its investments.

Operation of the Funds from Postal Savings Deposits, Savings- Debentures and Reconstruction Savings Certificates

Entrusted with the operation of the huge sum of the deposits, which mainly consist of the pennies saved by the people, the working of the Deposit Bureau, a State institution of banking, must be most appropriate, just and fair.

For this reason, it is laid down by law that "the Deposit Funds are to be operated solely for the benefit of the State and the good of the public, in a profitable and safe manner, and such operation is to be made only on recommendation by the Commission for the Operation of the Funds of the Treasury Deposit Bureau."

Long term and short term investments may be said to constitute the method of operation. The former includes subscription to national loans to local governments, municipalities, cooperatives and other organizations, as well as to special companies and banks; the latter includes the emission of funds when the general condition of the money market and other factors deem it advisable. It must be specially noted that the investments of the funds of the Bureau under the current emergency are so made as to place emphasis on the absorption of national bonds, the promotion and expansion of productive power and the stabilization of the economic life of the home-front population.

Long Term Investment

1. Investment in National Bonds

The largest investment of the funds at the disposal of the Deposit Bureau are made in national bonds. The average investment in this category in the past usually has amounted to 200,000,000 yen or more per annum, but since the outbreak of the China Affair, the subscription to national bonds has made a remarkable advance, reaching 1,000,000,000 yen during the 1938-39 fiscal year and exceeding the sum total of the increase of the Postal Savings deposits for the same period, which amounted to more than 860,000,000 yen, as well

as the proceeds from the sale of savings-debentures which amounted to 80,000,000 yen. The total amount of the investment in national loans from the beginning of July, 1937, to the end of July, 1939, reached the staggering sum of 2,100,000,000 yen, or more than a quarter of the total national bond issue during the same period, which amounted to approximately 8,200,000,000 yen. It is indeed rather amazing that the accumulation of petty sums from individual deposits is playing such an important rôle in national finance.

At the end of July, 1939, the total amount of national bonds (at face value) held by the Treasury Deposit Bureau was in excess of 4,280,000,000 yen. It nearly matches the aggregate amount held by all the private banks in Japan Proper, and represents approximately 22 per cent of the national debt, which comes to some 18,800,000,000 yen.

The large-scale absorption of national bonds by the Deposit Bureau on the other hand lightens the burden of other banking establishments, which are able to make their funds available to those private corporations which are endeavouring for the expansion of the nation's productive capacity, urgently called for by the current emergency.

The post offices, at the option of individual bondholders, redeem the national bonds floated in connection with the China Affair and those given as special allowances for meritorious services at the front. The money for such redemptions, of course, is supplied from the funds of the Bureau.

2. Loans for Local Public Enterprises

Loans are made, in the name of "local funds," directly by the Bureau in the case of public enterprises operated by prefectural and municipal governments, and local irrigation associations, and through the special banks such as the Hypothec Bank of Japan or the Industrial Bank of Japan, the Central Chest for Cooperatives and the Central Chest for Commercial and Industrial Associations in enterprises operated by other organizations and individual merchants, manufacturers and farmers. The latest available figure for the loans in local funds amounts to more than 2,020,000,000 yen.

Investment in local public enterprises is made in consideration of the fact that the main source of the funds lies in the Postal Savings deposits of the people all over the country, wherefore part of them must revert, as it were, to provincial communities, the constituents of which are none other than the Post Office Savings depositors.

Investment in the local funds embraces more than 100 items of accommodation, but the principle ones may be divided into the following 17 categories, in which are shown the amounts of loans from the Deposit Bureau as of the end of July 1939:

	Yen
(1) Loans to public enterprises	491,810,000
(2) Loans to social welfare enterprises	67,040,000
(3) Emergency loans for unemployment relief	209,760,000
(4) Loans for the reconstruction of calamity-stricken regions and the rehabilitation of the people in the areas affected	413,300,000
(5) Loans for refinancing high-interest loans	112,250,000
(6) Loans for city planning and for the readjustment of land	62,280,000
(7) Loans for the development of land in Hokkaido	19,010,000
(8) Emergency loans to the silk-raising industry, and the enterprises connected with distribution of rice and fertilizers	43,230,000
(9) Loans to small and medium scale mercantile and manufacturing enterprises	26,100,000
(10) Loans to central wholesale markets	19,160,000
(11) Loans to hotels catering to the tourist trade	8,330,000
(12) Loans for the renewal or redemption of long-term debts	152,510,000
(13) Loans for the governmental compensation funds	46,920,000
(14) Loans for public works connected with emergency relief	162,310,000
(15) Loans for the economic regeneration of depressed agricultural communities	59,700,000
(16) Loans for the increase of rice production in Chosen	32,720,000
(17) Miscellaneous loans	98,380,000
Total	2,021,210,000

Brief explanation of the more important of the 17 items is given below.

Loans to public enterprises are advanced for the building of schools; the construction of medical and sanitary facilities; the institution of various economic and industrial facilities; rehabilitation works following natural calamities, the construction of cultural establishments such as libraries, public halls, zoological and botanical gardens; communications and transportation enterprises, and irrigation, drainage, land development and reclamation projects—all carried out by local governments such as prefectures, municipalities, townships and villages, as well as irrigation associations. Even when these enterprises are carried on under the direct control of the central or prefectural governments, the disbursements allotted to individual prefectures, municipalities, townships and villages concerned are advanced frequently from the funds of the Bureau. The funds for the construction and repair of public schools, roads and waterways in recent years have been furnished almost entirely by the Bureau. Loans for the construction, repair and extension of school buildings alone have amounted to approximately 100,000,000 yen.

In addition to loans for the above-mentioned public enterprises, the Deposit Bureau funds are invested in producers' cooperatives for the construction of village warehouses; in land readjustment associations for their undertakings in the development of land and the construction of waterways and drainage systems; in forestry associations for constructing roads through woods and the laying of light railways in the mountains, in fishery associations for their floating capital and the construction of fishing ports, sand banks and canal bays; in livestock breeding associations for the purchase of cattle, in manufacturers' associations for their floating capital and the construction of dormitories for workers; in commercial associations and foreign trade associations for their floating capital and the construction of warehouses, and lastly in saké brewers' associations for the purchase and installation of tanks for the storage of rice wine.

Of all these associations, producers' cooperatives have the greatest access to the funds of the Deposit Bureau, having borrowed a total of 130,000,000 yen in ordinary and special funds for their enterprises. In addition, all debentures floated by the Central Chest for Cooperatives are subscribed by the Deposit Bureau. It may be readily seen that the progress of the cooperatives owes much to the strong support of the Bureau.

Loans advanced to land readjustment associations amount to approximately 100,000,000 yen. Most of the neatly arranged, modernized farms with their capillary irrigation and drainage ditches seen everywhere have been made possible by the financial aid of the Bureau.

Funds for social welfare enterprises are advanced to prefectures, municipalities, townships and villages, housing associations and cooperatives. For instance, 13,000,000 yen has been advanced to small loan associations; 20,000,000 yen to low-cost housing enterprises, and another 20,000,000 yen for the building of dwelling houses under the auspices of municipalities. Loans also are made for the establishment and maintenance of public markets, inns, day-nurseries and other public accommodations.

Not long ago, the Deposit Bureau set aside 3,700,000 yen for the establishment of apartment buildings and small private houses for the operatives in munitions factories, who have flocked to the urban districts in great numbers in recent months. The Bureau also decided to advance 6,000,000 yen for the relief of merchants and manufacturers engaged in enterprises on a moderate scale, who have been obliged to curtail or change their occupations as the result of State economic control requirements.

When natural calamities occur, such as the visitations of typhoons, floods, droughts, earthquakes and fire, the Deposit Bureau stands by as a reassuring haven for the afflicted. At the time of the Great Earthquake of 1923, reconstruction funds to the amount of 230,000,000 yen immediately were made available by the Bureau. In 1934 and 1935, when the Kwansai district was smitten successively by a typhoon and an equally disastrous flood, the Bureau disbursed 250,000,000 yen for relief and rehabilitation. Again in 1938, when another typhoon and flood inflicted heavy damage in the Kwanto and Kwansai districts, the Bureau came to the immediate aid of the sufferers.

Since private banks have shown reluctance to make loans to small-scale manufacturers and merchants, because of their general inability to put up adequate security, the Deposit Bureau recently took their plight into consideration and decided to extend a helping hand. The Bureau thereupon set aside 20,000,000 yen for the assistance of those able to remain in business with some extra help. Additional loans amounting to 6,000,000 yen have been made for the relief of the less fortunate, who have had to give up their businesses or change their occupations under the emergency situation.

Debentures issued by the People's Bank are subscribed by the Deposit Bureau to alleviate the financial difficulties of the masses.

Of the various loans made by the Bureau, those advanced to agricultural communities in different ways and through various channels are understood to amount to approximately 900,000,000 yen. New plans for the investment of funds for the solution of important problems in rural communities have been adopted on recommendation of the Commission on the Operation of the Funds of the Treasury Deposit Bureau, including 17,200,000 yen for economic regeneration, 40,000,000 yen for the readjustment of debts and 27,000,000 yen for assisting independent farmers. In addition, emergency loans amounting to 10,000,000 yen have bolstered the Village Debt Readjustment Funds used for the economic regeneration and the readjustment of debts of those rural households which have lost important male members in the China hostilities.

The Bureau also makes it possible for debt-ridden public service associations to lighten their financial burdens by refinancing high-interest loans and liquidating long-term debts, by advancing them new funds at low interest rates. Emergency loans for unemployment relief and for the public rehabilitation projects related thereto, have been made extensively in times of depression. Such loans have fallen off to a marked degree, however, with the advent of the war-time industrial boom.

Among miscellaneous disbursements, there are the loans to overseas territories, which include 243,000,000 yen to Chosen, 24,000,000 yen to Taiwan, 5,000,000 yen to the Kwantung Leased Territory, 3,000,000 yen to Karafuto, and 340,000 yen to the South Sea Islands under Japanese mandate. Apart from these, there has been a loan of 20,000,000 yen for the economic rehabilitation of the Japanese residents in China.

Emergency loans for the cultivation of silk, the storage of rice and the purchase of fertilizers include funds for silk-cultivation associations for the purchase of cocoons, emergency loans for the seasonal delivery of rice, and loans to farm cooperatives and independent farmers for the purchase of chemical fertilizers. They are short-term loans, extended for a maximum period of 12 months. The annual aggregate of such loans averages 50,000,000 or 60,000,000 yen.

3. Other Long-Term Loans

In addition to those already mentioned, there are other long-term investments, such as loans to the General or Special Accounts of the Government, subscription to the debentures of such semi-official banks and corporations as the Hypothec Bank of Japan, the Industrial Bank of Japan and the South Manchuria Railway Company, loans to such special banks and corporations, and the purchase of foreign bonds, the outstanding total amounting to more than 700,000,000 yen.

In keeping with the development of wartime economy in Japan, the Deposit Bureau has become a cogent factor in the provision of funds for the expansion of the nation's productive power and to the capital market to make easier the flotation of debentures. When it is deemed necessary to assist the absorption of corporate debentures, floated in large amounts to raise funds for the expansion of industrial capacity for increased production, the Deposit Bureau steps in to purchase such debentures.

Loans to the special banks and corporations stood at 479,000,000 yen at the end of July, 1939, while the purchase of foreign bonds accounted for 83,000,000 yen, including 74,000,000 yen in bonds floated by the Manchoukuo Government for the expansion of productive power in that country.

Short-Term Investments

Funds of the Bureau otherwise standing idle are put into operation when necessary to stabilize the money market when emergency

conditions prevail. In such instances, short-term investments are made in the purchase of Rice Certificates or other national bonds, for holding active bonds for a limited period, in supplying call-money, as loans to special banks and corporations to tide over the periods when funds are being raised by the flotation of debentures, and as loans to contractors performing services for the Government who need operating funds to carry on until their services are completed, when full settlement customarily is made. Such short-time investments reached the all-time high of 490,000,000 yen on a certain past date.

With such a remarkable increase in its funds as has been mentioned, the Treasury Deposit Bureau has acquired the most important position in Japanese banking and has been able to accumulate a vast excess of funds for operation in short-term investment in the general money market. In the past two years particularly, it has made substantial contributions toward the smooth circulation of funds by making short-term loans in consonance with the general trend of the money market under the wartime system of national economy. During 1938, as much as 2,200,000,000 yen was operated by the Bureau in short-term investments and loans.

Because of the fact that the investment of the funds at the disposal of the Deposit Bureau goes through local governments, public corporations, and special banks, most of the beneficiaries are unaware of the indirect assistance they are receiving from the Bureau, but it may be safely said that the funds of the Bureau are functioning efficiently in all the rural communities, even in the remotest corners of the country. These people have been aided to the extent of 2,000,000,000 yen, in the form of 170,000 loans to 90,000 enterprises up to the end of July, 1939.

PROBLEM OF REABSORBING SOLDIERS INTO CIVILIAN LIFE

DEPARTMENT OF WELFARE

THE soldiers of Japan who are active on the battlefields of China today form the backbone of the nation in times of peace as well as war. These young men who, when at the front, fight valiantly for the national cause, are the same young men who wield the hammers and spades at home for the promotion of the nation's industries.

Needless to say, these stalwarts must not be placed in a position in which they feel uncertain about their future livelihood when they make their triumphal return, or when they are invalided home with honourable wounds.¹ The problem in this respect not only involves rehabilitation of the soldiers, but also must be considered in respect to the programme for the mobilization of material and human resources under the current emergency. Measures taken by the Government to meet these questions are outlined briefly in the following pages.

Law for Guaranteeing Re-employment to the Enlisted

This Law, enacted in April, 1931, guarantees to those called to the military service full reinstatement in their former positions and occupations when they return home. As its provisions subsequently were found to be inadequate in some respects, however, the Law was revised and has been functioning satisfactorily since August 1, 1938.

This Law provides (1) that those seeking employment will not receive disadvantageous treatment because of their enlistment or for their having been called to the colours; (2) that the former employers of those returning from the front—providing that they normally keep 30 or more persons on their payrolls—must re-employ them within three months of their return, even though they may have been discharged at the time they were called to the colours; (3) that the wages and status of those being reabsorbed must be as favourable in every way as before; (4) that those who

¹ For supplemental information regarding the rehabilitation of disabled soldiers, please refer to the article, *Care of Wounded Soldiers*, in the September, 1938, issue of TOKYO GAZETTE.

wish to seek new employment within three months of their return, as well as those who had been unemployed before entering the service, must be given preferential consideration over civilians.

The unique character of this Law lies in the fact that it can be operated efficiently only through expression of the nation's gratitude toward those who have served their country, and through the moral sense born of the universal feeling of respect toward the military service. The Government, through its Departments of Welfare, War and Navy, is endeavouring to protect every single soldier and sailor from unemployment, for which purpose various measures have been adopted.

Assistance in Securing Employment

Prefectural offices, acting under the direction of the Bureau of Vocations, Department of Welfare, form the centre of, and hold all responsibilities for, the management of affairs concerning re-employment and general readjustment to civilian life of all returning soldiers.

Various employment bureaus under the control of prefectural governments keep in close touch with military authorities and with the Bureau for Vocational Guidance of Reservists connected with the War Department to report vacancies for soldiers seeking employment and to take applications for work. In each of the major prefectures, there is a Division for Assisting the Employment of Returned Soldiers, in which the local directors of the reservist vocational guidance divisions serve as special staff members.

The agencies most actively engaged in assisting returned soldiers in securing employment are the national employment bureaus, approximately 400 in number, which are situated at convenient places throughout the country. Those operated on a large scale have a special section, called the Soldiers' Department, which is devoted exclusively to finding suitable work for the national heroes. Even without this special adjunct, however, the bureaus bend every effort to see that the soldiers are promptly and adequately rewarded with jobs best suited to their abilities.

Since they function in close connection with each other in this one respect, it may be said that all the individual employment bureaus throughout the land are joined in a single body to secure employment for returned soldiers.

Methods of Assisting in Securing Employment

Without the cooperation of the soldiers themselves, the work of

assisting them in finding employment could not be operated smoothly. For this reason, various units of the Army endeavour to bring the following facts home to the minds of returning soldiers before they are given their discharges :

1. Discharged soldiers shall, in principle, be required to return to the same positions they held before entering the military service.

2. Notification or solicitation concerning re-employment shall be sent to their former employers, regardless of whether or not the Law for Guaranteeing Employment to the Enlisted applies to their cases.

3. Those who were employed before entering the service shall interview their employers as soon as released, or in unavoidable circumstances shall make arrangements by mail for re-employment.

4. If circumstances are such that they cannot return to their former work, and must seek employment elsewhere, they must not expect higher wages or more favourable positions than their experience and abilities merit.

Those seeking employment must submit their requests to the employment aid committee of their particular army unit. This committee communicates with the prefectural offices concerned, whereupon officials of the local administrations and of the employment bureaus are sent to the army unit to interview the applicants.

There has been a tendency of late among soldiers to go back to their homes as soon as released, preferring to rest or visit their families and friends for a time before applying for re-employment. For the benefit of these, many of whom live far from the places where employment bureaus are situated, the headmen of their towns and villages, who function as agents of the employment bureaus, give their assistance in every way possible. Soldiers accordingly are invited to consult with these agents regarding their wishes.

Employment of Wounded Soldiers

The responsibility of the nation is even greater in the case of those who have spilled their blood and sacrificed their limbs for the country's cause. Since the disabilities of many do not permit them to resume their normal occupations, special efforts must be made for their readjustment and rehabilitation, enabling them to find social and economic independence. This is the least a grateful

nation can do to express its appreciation for their meritorious services.

It is important, on the other hand, that they should continue to serve the country actively, as healthy members of society, to the full extent of their special abilities. This is important not only from the standpoint of utilizing all human resources, but also that the disabled veterans may feel that they still are capable of serving their country, and are not being left out of things. The realization that they are not a burden to their fellows, and that they still have a definite place in the nation's life, is an important stimulant to their mental outlook.

The central agency for promoting the welfare of wounded soldiers is the Military Relief Board,² which helps in every way possible to protect wounded soldiers in respect of employment, working in close contact with the employment exchanges and their supervisory agency. Since wounded soldiers in many cases require special vocational education to refit them to private life, men having expert knowledge in special fields are commissioned as advisers, and psychologists are assigned to prefectures as directors in charge of their vocational guidance. Many other measures for special assistance to the disabled veterans now are being considered.

The methods of assisting the employment of the wounded are the same, on the whole, as for those who return sound of health and limb. Since it is advisable, however, to satisfy them as quickly as possible concerning their employment, the staff officers of army and navy hospitals consult and advise them on this matter while they still are under treatment or are convalescent. Consultations in the hospitals are conducted mainly by the vocational guidance directors of prefectures, who make frequent calls for personal interviews, keeping in close touch with employment exchanges and other institutions. The convalescent soldiers determine the type of work they wish to perform and decide where they should like to be employed, so that they can go to work immediately or learn a new trade, if necessary, as soon as they are discharged from the hospitals.

The general aim is to guide them in such a way as to enable them to return to the work at which they were engaged before being called to the colours. When this is found to be impractical, however, suitable vocations as closely related to those to which they are accustomed are selected for them: for those who must

² Formerly known as the Board for Protection of Wounded Soldiers.

take up entirely new vocations, suitable ones are chosen by carefully considering their circumstances, and proper guidance is given them in their new work.

Moreover, subsidies are extended to factories where wounded soldiers are employed, if necessary, for installing special working equipment and machines which can be operated safely, efficiently and without undue fatigue by soldiers who are handicapped by the loss of limbs or eyesight.

Those requiring long and intensive re-education are admitted to the national institutes for vocational guidance, while for those requiring only minor readjustment, facilities are provided in various prefectures. These institutions of re-education are sending out newly equipped soldiers one after another to the first line of the industrial front.

Special guidance for those who are already employed is conducted by keeping close watch over their work through correspondence between the officials concerned and the employers, or through personal visits by the former.

A New Governmental Measure

Needless to say, the employment problem presented by the wounded soldiers may be solved only through the full cooperation of the Government and the people. Although the Government establishments are taking the lead along this line, the appreciation of the importance of the problem on the part of industrial interests at large is quite necessary. For this purpose, and in consideration of the possibility of quite a number of heavily wounded soldiers coming out in the future, the establishment of prefectural commissions for the employment of wounded soldiers has been decided. This measure was scheduled to materialize during the month of October, this year.

The function of the commissions will be to investigate and study important affairs concerning employment and to win the voluntary cooperation of potential employers by appealing to their moral responsibility. Accordingly, the majority of the members of the commissions are to be employers, by reason of which all decisions rendered by the agencies will assume the nature of mutual consent.

Furthermore, execution of the decisions is to be made by the members of the commissions themselves and by the organizations of employers to which they belong.

Kind offers of situations for the wounded have been made in

great numbers of late by business houses and factories.³ This is most reassuring. The nation truly is realizing the motto "Protect the Wounded Soldiers Who Have Protected Our Country."

³ The concern most recently accommodating disabled soldiers is the South Manchuria Railway Company, which on October 7 announced the employment of 322 crippled war veterans for specialized occupations in Manchoukuo. Selection of those best fitted for the jobs was undertaken by the Military Relief Board. The railway company is making places for many more soldiers, who will be hired as soon as they are released from hospitals and pass the required examinations.

DEVELOPMENT OF INDUSTRIAL RESOURCES IN KOREA

GOVERNMENT-GENERAL OF CHOSŬN

INDUSTRY in Korea until the present decade, long had remained in a primitive stage, consisting chiefly of agriculture which was confined to cereal products. The Manchurian Incident marked a new era in the modernization of Korean industry. Since that incident, great strides have been made, particularly in iron manufacture. In order to stimulate this trend the Government-General in October, 1936, held a conference to make an exhaustive study of the industrial economy of Korea. This important meeting was attended by industrial experts and economists of Japan, Manchoukuo and Korea. In accordance with the fundamental policy for industrial development formulated at the conference, the Government-General adopted and put into operation various concrete measures. With the unexpected outbreak of the China Affair less than six months later, it became imperative to adapt the new programme to the strengthening of the wartime economic structure binding Japan, Manchoukuo and Korea. As the military operations progressed, both Central and South China came within the sphere of Japan's economic activities, wherefore Korea, from its geographical position, became a natural supply base for the Japanese advance on the Continent. It thus became necessary to extend and improve the measures already in operation. Consequently, in September last year the Korean authorities called another conference for the investigation of measures called for by the emergency, with a view to strengthening the wartime structure in the Peninsula. The conference altered nothing in the fundamental policy, but decided to accelerate the industries most vitally concerned and to promote closer economic relations between Korea and the regions under Japanese occupation in North and Central China.

Korea as Supply Base for the Continent

From a geographical standpoint, Korea is situated ideally to serve as the advance base of operation in the execution of Japan's policy of Continental development. This position of Korea had been recognized during the Manchurian Incident, but came to be ap-

preciated even more after the outbreak of the China Affair. The experiences gained through the Changkufeng Incident which ran its course in the summer of 1938, and the subsequent border disputes with the Soviet Union, added still greater significance to the new function of the Peninsula. In this sense Korea may be called the "supply base for Japan's advance on the Continent." The phrase is fitting and comprehensive. The geographical position of Korea is important in the following respects :

(1) Bordering on Manchoukuo and adjacent to China, Korea offers an excellent foothold for the development of the Continent.

(2) Touching the Soviet Union at the Eastern tip, with Manchoukuo forming a wedge between, Korea is in the position to act as "advance guard" in Japan's national defence, and serves as a base for the protection of Manchoukuo to which Japan is inseparably bound.

(3) As it extends down from the Asiatic Mainland, Korea has advantages for the prompt transport of troops and supplies in time of war.

(4) As Japan proper is separated from the Continent by the Sea of Japan and the Korean Straits, and in consideration of the present stage of development of submarines and aircraft, Korea may be regarded as a safe and independent supply base.

In short, the above points amply illustrate Korea's highly important rôle in national defence. In a broader sense, the phrase "supply base for advance on the Continent" means an intermediate station for Japan's industrial and economic development of the Continent. In this connection, the human and material resources of Korea are of considerable importance.

Expansion of Productive Power in Korea

Owing to its unique position, as explained in the foregoing, Korea cannot be regarded separately and independently in the expansion of productive power, but as a component factor in the joint industrial programme of Japan and Manchoukuo. It is recognized, moreover, that with its advantageous conditions for industrialization the Peninsula is capable of making substantial contributions to the execution of the programme. Korean industry in the past, as stressed at the beginning of this article, was confined almost exclusively to the production of cereals. Under the stimulus provided by the Manchurian Incident, however, both agriculture and manufacturing industries flourish side by side. With the munitions enterprises in North Korea as the centre, the industrial struc-

ture of the Peninsula is undergoing a remarkable change. With regard to the expansion of productive capacity, Korea has the following advantages for industrialization :

1. Land for Industrial Use

Less densely populated than Japan proper, Korea offers innumerable excellent sites for large manufacturing plants. Although the growing rage for enterprise has brought on "land fever," causing some difficulties in the acquisition of land, there still is plenty available for industry, and it is possible to establish factory areas on a large scale.

2. Motive Power

The supply of coal and electric power is abundant and comparatively inexpensive. The total power output will amount to 700,000 kilowatts, when generating stations now under development are completed. The hydro-electric stations on the Jangjin and Buzen rivers are larger than any in Japan proper, both in respect of equipment and capacity. Not only are they supplying an abundant amount of electricity to industry in general, but they also have made possible the development of the electro-chemical industry. There is now under way a gigantic power-generation project on the Yalu River, which forms the natural boundary between Korea and Manchoukuo. It is expected to be completed before 1942.

3. Labour

Labour is more abundant and consequently cheaper than in Japan proper. Moreover, Korean workers are superior to those in China and Manchoukuo, because they are educated as Japanese subjects.

4. Raw Materials

Korea is rich in important mineral resources, including gold, silver, coal, graphite, molybdenum, tungsten, magnesite, and bauxite.

5. Absence of Social Problems

In Korea there are relatively few social and economic factors which may be regarded as unfavourable to industrial enterprises. It is admitted by all industrialists that the management of their undertakings in Korea is easier in this respect than in Japan proper.

6. Future Prospects of the Subcontract System

In munitions manufacturing enterprises and other heavy and

light industries, the subcontract system has not yet developed. Subcontracting in Korea at present is confined almost exclusively to specialized manual arts. Since Koreans have a natural aptitude for handicraft, and as the women also are skilled workers, the future of the system is promising.

The favourable conditions outlined above have helped forward the development of heavy industries such as shipbuilding, cement manufacture and metal refining and light chemical industries such as coal liquefaction, extraction of fats and oils, and the production of sulphate of ammonia.

Brief Survey of the Industrial Development Plans

The advance of the manufacturing industry is essential to the thorough development and prosperity of Korea, both at present and in the future. Considering on the other hand the importance of agriculture and fishing in relation to Japan's food supply, and of livestock breeding for military purposes, it is obvious that this phase of the Peninsula's development must not be neglected. Viewed in this light, the dual policy of promoting both agricultural and manufacturing industries in Korea is of far-reaching significance. A rough survey of the plans for the development of Korean industry is given below.

1. Mineral Resources

(a) Gold

As part of its important national policy, the Japanese Government in 1937 adopted a measure to increase the production of gold, so as to effect adjustment in the international balance of trade. To assist in the execution of this policy, the Korean authorities drafted a plan aimed at quadrupling the output of gold ore in four years. Whereas the total production for 1936 was 20 tons, valued at 69,000,000 yen, the programme anticipates a total output of 75 tons, representing 290,000,000 yen in 1942. As success of the plan is an important factor in the achievement of Japan's ultimate objective in the current emergency, the authorities and the people are co-operating closely to carry it through satisfactorily.

(b) Iron and Coal

With the growth of the manufacturing industry, the demand for coal and iron will increase rapidly, as a natural consequence. Heretofore, iron ore mined in Korea has been shipped to Japan

proper in the raw state. In the future, however, the iron industry in the Peninsula will be made a thorough and systematic enterprise, combining all processes from mining to manufacturing. Plans now are being worked out to develop the Musan and Iwon mines along this line. As for coal, in view of the existing relation of supply and demand between Japan proper and Manchoukuo, there is a project afoot for making Korea self-supporting in this respect.

(c) *Petroleum Substitutes*

For the purpose of rationalizing the demand for petroleum, measures are being taken to develop the manufacture of synthetic petroleum and absolute alcohol.

2. *Munitions Industry*

(a) *Aluminum and Magnesium*

Korea abounds in resources needed for the production of light metals. The authorities therefore are planning the establishment of manufacturing facilities to ensure self-sufficiency in this important metal. A plan also is under consideration for increased production of magnesium, to meet the rapidly growing demand both in Japan and abroad.

(b) *Explosives*

The demand for dynamite is showing a marked increase, owing to the rise of various enterprises, particularly mining, while the greater part of the requirements at present are supplied from Japan proper. So the Government-General is planning to increase the production of explosives in Korea.

(c) *Motor-cars, Aeroplanes, Goods Wagons, and Steamers*

These industries are not yet well developed. From its position, both economic and military, however, Korea is inevitably in need of these industries to supply its own demands. Under the current emergency, there will be considerable difficulties in developing such industries, but they must be overcome by all means. At present the Japan Vehicle Company is operating a factory at Jinsen, while the Korean Heavy Industry Company recently has been established to undertake shipbuilding.

3. *Agricultural Products*

(a) *Rice*

The importance of rice to Korea may be seen from the fact that

every year between 8,000,000 and 10,000,000 *koku* (1 *koku*=4.9629 bushels) of rice is exported to Japan proper. Especially since the outbreak of hostilities in China, the Peninsula has grown in importance as a base for the supply of rice to the troops operating on the Continent. The Japanese Government, with a view to replenishing the supply of staple food in the present emergency, launched a drive for the increase of rice production to the amount of 4,000,000 *koku* during the 1939-40 fiscal year. Keeping pace with this programme, the Korean authorities decided on the appropriation of 1,200,000 yen in the current fiscal year to expand rice production. The aim of the programme is to increase the crop by 1,200,000 *koku* by rationalizing the method of cultivation.

(b) *Agricultural Products as Materials for Industry*

The chief agricultural products, the increased production of which is now being encouraged by the authorities, are fibre materials such as cotton and flax, sweet potatoes, wheat and hops. With regard to cotton, the Government-General worked out in 1933 a 10-year plan to extend the area under cultivation to 250,000 *cho* (1 *cho*=99.2 acres) and increase the yield of seed cotton to 250,000,000 *kin* (1 *kin*=0.6 kilograms). The subsequent changes in the international situation and other circumstances have made it necessary to augment the domestic supply, and the plan has been revised again and again, until the area sought by the programme has been set up to 350,000 *cho* and the production to 490,000,000 *kin*. As for sweet potatoes, a five-year plan beginning with the current fiscal year has been adopted with the object of enlarging the crop area to 75,000 *cho*. With the future growth of production, they will become important materials for making alcohol, starch and spirits, aside from their primary food value.

4. **Livestock**

Korea has vast expanses of land suited for pasture and the people are experienced stock-raisers. Cattle, horses and pigs have grown in number in recent years, and in view of the important relation of Korea to Japan Proper and Manchoukuo, stock raising has bright prospects for the future. The authorities are endeavouring to push development of the industry by improving livestock administration and encouraging research and scientific study of stock-breeding.

5. **Fishing Industry**

Fish, next to rice, forms the most important part of the Japanese diet, while marine products also are important in the manufacturing

industry. Being a Peninsula with comparatively a long coastline, Korea is blessed with a great variety of fish in its adjacent waters. Sardine fishing in northern Korea is unvalled by any other except the pelagic fishing in the northern seas. It is deemed of urgent necessity to develop these marine resources, wherefore the Government-General is enforcing various protective and promotional measures for that purpose.

END OF THE NOMONHAN INCIDENT

BUREAU OF INFORMATION, WAR DEPARTMENT

AT EXACTLY 8 o'clock on the chilly morning of September 16, the rattle of rifle and machine-gun fire and the sullen boom of cannon stopped abruptly, and a heavy silence descended over the shell-pocked plains of eastern Manchoukuo. Thus ended the five months of border warfare between Outer Mongolia and the Soviet Union, on the one hand, and Manchoukuo and Japan on the other, which has come to be known as the Nomonhan Incident.

The "cease-firing" order, by prearrangement, had been given simultaneously on both sides, following the conclusion of a truce agreement between Japan and the Soviet Union in Moscow.

Lasting 136 days, the conflict was the longest and bitterest fought between the two chief adversaries since they came to grips in the Russo-Japanese War of 1904. It broke out in May, as the result of a series of progressively brazen border violations on the part of Outer Mongolian troops. At the outset it was confined to Outer Mongolian and Manchoukuo regulars and border patrols, but when it became obvious that Soviet soldiers were helping the invaders, the Kwantung Army also despatched crack Japanese troops to the border in line with provisions of the mutual defence accord between Japan and Manchoukuo.

The Soviet forces launched bold attacks against the Japanese positions, using tanks and armoured cars, which met with stubborn counter-attacks on the part of the Japanese. Meanwhile, the cold season had set in along the frontier area, with both contending forces confronting each other, strongly entrenched. A long stalemate seemed in prospect. The Japanese had been steadily reinforced for the purpose of launching a final counter-offensive, the preparations being completed about September 10, thus putting the Japanese in a position to engage the combined Mongol-Soviet forces in a decisive battle. The Soviet troops also made frantic efforts to reinforce their positions, so as to meet the imminent Japanese onslaught. Just at this critical juncture, however, the sudden turn in the European situation, as may be assumed, made the Soviet Union realize the meaninglessness of continuing the Nomonhan Incident. Diplomatic negotiations thereupon were started at Moscow between the Japanese and Soviet representatives for the conclusion of a truce agree-

ment. Let us take this opportunity to review the developments of the incident, and pay a tribute to those Japanese officers and men who sacrificed their lives to defend the frontier.

Results up to the End of July

The combined forces of the Outer Mongolian and Soviet Red armies which confronted the Japanese late in July were estimated conservatively at 30,000, equipped with 600 tanks and armoured cars and approximately 150 artillery pieces. On July 23, the Japanese launched a furious counter-offensive, pressing back the enemy behind the heights along the Halha River. In the engagements in July, the Japanese destroyed or burned some 500 enemy tanks and armoured cars, destroyed about 30 guns and damaged 50 more. The Soviet and Mongol troops during this month left about 3,000 dead, while the Japanese casualties totalled about 1,500. The Japanese captured much Soviet equipment

Developments Since August

Actuated by the necessity to maintain their fighting power, the Soviet forces had heavy reinforcements and war materials sent from European Russia. On August 7 and 8, from 500 to 1,000 Soviet and Outer Mongol soldiers attempted a number of small-scale counter-attacks, which were repulsed on all occasions. On the morning of August 20, they started a large-scale counter-offensive, covered by artillery, with two sharp-shooter divisions deployed in front of the Balshagal and Noro heights, two mechanized brigades and one cavalry division forming the right wing near Hui Hill, and three mechanized brigades and one cavalry division on the left wing near Han Hill. Another sharp-shooter division remained in the rear as a reserve force.

The Japanese fought against heavy odds. In the ensuing bitter fighting, columns of Soviet tanks were greeted by heavy fire from the Japanese anti-tank guns. The tanks which managed to survive the hot fire were attacked by Japanese infantry at close range. The onslaught was checked by the Japanese, putting up desperate resistance, and that the invading forces were compelled to abandon their offensive. Consequently, comparative quiet again prevailed on the frontier until September.

The numerical strength of the Soviet and Outer Mongolian forces, which participated in the August battle was estimated at

50,000 men, equipped with 700 tanks and armoured cars and 200 artillery pieces. The enemy air force consisted of about 200 planes.

The Soviets suffered an uninterrupted series of debacles in aerial combats. Although new planes were brought to the front in considerable numbers to replenish the air force, they failed to turn the tide of aerial warfare in favour of the Soviets.

After repulsing the large-scale offensive, the Japanese consolidated their newly won positions in the western Nomonhan area and brought up reinforcements in preparation for a big counter-offensive. In September there developed heavy local fighting near Handagaya between the contending forces. Otherwise quiet prevailed along the frontier.

The middle of September found a full concentration of Japanese troops in strategic positions, ready and waiting for the order to put in motion a large-scale offensive. Before the signal could be given, however, the army commanders were notified that the truce agreement had been concluded between Japan and Soviet Union on September 16, thus terminating the Nomonhan clash.

It is hardly necessary to mention that the bitter fighting which marked the Nomonhan incident from beginning to end caused heavy losses on both sides. The Japanese suffered a total of 18,000 casualties, including killed, wounded and sick. Among the Japanese honourable dead were listed detachment commanders Yamagata, Morita and Ise. Although figures are not available regarding the Soviet-Mongol losses, it is certain that they were every bit as heavy as those suffered by the Japanese Manchoukuo side.

The Nomonhan incident represented a clash between two armies of considerable numerical strength, each fully equipped with modern war paraphernalia, on an expanse of barren level land, which rendered it difficult to maintain efficient communications. The privation and suffering borne by the Japanese forces was great indeed. The entire Japanese nation owes them a debt of gratitude for defending the frontier line for five months, fighting against heavy odds and frustrating repeated enemy attempts to invade Manchoukuo territory.

Field Marshal Prince Kotohito Kanin, Chief of the Army General Staff, sent a telegram to the Japanese Army in Holunbair on September 16th, expressing his warm appreciation for the bravery, valour and determination with which the soldiers fought, paying tribute to the fallen and expressing sympathy with the sick and wounded.

ADING BEREAVED FAMILIES OF THE WAR DEAD

MILITARY RELIEF BOARD

THE courage and valour of the Japanese soldiers in China, sacrificing their lives and enduring tremendous hardships without a murmur out of loyalty to the Emperor and the love of the country, has evoked the benevolence of the Imperial Family and the admiration of the home-front population.

The heroic deeds performed by countless men and officers in the present conflict have no parallel in Japanese history. The honour and glory of the soldiers at the front is reflected on their families at home, and well it should be, as they too know the meaning of great responsibility and suffering.

In this connection, the benevolence shown by the Imperial Family toward the soldiers at the front and the bereaved families of those who have fallen in battle has been boundless. The Imperial messages and grants of financial aid for the protection of soldiers; gracious poems dedicated to them by the Empress; Imperial visits to the sick and wounded, and frequent gifts to the nation's fighting men are a few instances of such gracious benevolence.

On the 6th of August this year, when 1,315 bereaved children came to Tokyo from all parts of the country to pray at Yasukuni Shrine and commune with the souls of their fathers enshrined therein, the Empress was pleased to give a box of cake to each child present. The people in general, to say nothing of those directly honoured by this Imperial gesture, have all been profoundly moved by such a manifestation of concern for the families of the war dead.

Thus inspired and united in the consciousness of being members of one great family, the people of Japan are endeavouring in their respective fields and capacities to consummate the objective of the China Affair, which is the ensurance of permanent peace and happiness among the peoples of the Asiatic Continent. It is natural, therefore, that the home-front population should earnestly be aiding the bereaved families of the war dead, manifesting their heartfelt sympathy and respect in various ways; it is no more than an expression of the fraternal spirit which is deeply rooted in the bottom of every true Japanese heart.

The Government, on the other hand, also has been endeavouring to aid the bereaved families in matters both spiritual and material,

through various undertakings and provisions for their benefit. Not only is their livelihood secured, but their respectability and honour are enhanced and exalted.

Apart from the established Pension Act and other measures for aid and protection of soldiers and their families, many additional measures have been adopted by the Government to contribute to their comfort and economic security. This article will not undertake to encompass them all, but will concern itself chiefly with those of a positive nature which are designed to permit the families to fulfil their duties to the country, such as the provisions regarding the education of orphaned children, the training of soldiers' widows as school teachers and in other suitable vocations, aid and guidance in securing employment and advice on personal matters.

Education of Bereaved Children

The sons and daughters of the war dead, brought to full estate and distinguished by their fathers' supreme sacrifices, are left with the great responsibility of carrying on the honourable traditions and the good name of the family.

To accomplish this, they must first of all be possessed of adequate education. Without the equivalent of a middle school education, or at least higher primary school learning, they cannot expect to live in self-respect and economic independence as members of the Japanese nation. The Government therefore is subsidizing prefectures to provide for the proper education of bereaved children. The standard amount given in aid for the education of each child is 200 yen a year for those attending middle school and 38 yen a year for those in primary school, subject to alteration according to the circumstances of individual families. Information as to such aid is obtained easily at village and town offices or at the information bureaus for soldiers' families, which are established throughout the country.

Independently of the Government measures, the Imperial Foundation for Relief of Soldiers provides special subsidies to permit the sons and daughters of slain soldiers to obtain higher education. These allowances make it possible for them to attend higher schools, colleges and universities.

Training Soldiers' Widows for the Teaching Profession

When the ashes of her husband and the father of her children are carried back from the front in the tender care of a loyal comrade,

the widow may feel the helplessness of a willow bent before a storm. It is important that these brave women be given a helping hand to surmount the shock of sorrow and despair, and strengthen their determination to realize the wishes and aspirations cherished by their deceased husbands. Among these war widows, there have been found not a few who not only are suited by nature for the teaching profession, but who also have an eager desire to enter it. To give them employment as instructors serves a twofold purpose; it brightens their lives and gives them a feeling of independence by enabling them to make their own way, and at the same time the education given by such persons may well be expected to have lasting and beneficial effects on their pupils.

In view of these considerations, provisions were made in September for training them as teachers of domestic science and home economics in girls' high schools, of primary schools, and of kindergartens. Candidates for this lofty vocation were invited recently to make application for teaching posts. The subsequent examinations resulted in the selection of 32 well qualified war widows for teachers in girls' high schools, 127 for primary schools and 18 for kindergarten. While they are studying in preparation for taking over their classes, their children are looked after in special dormitories provided by the Government. The eager and courageous efforts of these women make them full worthy of being the surviving supporters of honoured families.

The training institute for those who will teach in girls' high schools has been established within the Tokyo Women's Higher Normal School. Those being prepared as instructors in primary schools are taking special courses in the women's normal schools in the six prefectures of Miyagi, Tokyo, Gifu, Hyogo, Hiroshima and Kumamoto.

The training of kindergarten teachers is conducted in the Nara Women's Higher Normal School. These training institutes are provided with dormitory facilities so that mother and children may live together, for the perfection of their spiritual life. There of course is no tuition or entrance examination fee. The cost of meals, however, is borne by the student-teachers, although those of insufficient means may be aided from the fund for guiding bereaved wives in employment, which is explained in the following.

Fund for Guiding Bereaved Wives in Employment

The bereaved families are given a regular allowance by the State, but its amount is not always sufficient for their living. It is neces-

sary, therefore, for the widows to be given suitable occupations to supplement their allowances. In the case of those who are ineligible for the regular State allowance and cannot receive even temporary aid, such as common-law wives of soldiers, the necessity for providing employment is most urgent.

The Government has taken steps to subsidize the local governments for carrying out such guidance.

Extra financial assistance from the local funds is to be granted to widows of the war dead while they are receiving training as seamstresses, teachers, nurses, midwives, typists, chauffeurs, hair-dressers, beauty artists, machine operators, or in such special arts as draughtmanship, flower-arrangement, and ceremonial tea-making. The standard annual subsidy per student is to be 150 yen, which sum can be altered according to the financial circumstances of the applicant. To obtain the subsidy, it is merely necessary to apply to the village or town office.

Advice on Personal Matters

Besides the aforementioned practical measures, there is an information service for soldiers' families which maintains 12,361 bureaus throughout the country. The families may obtain free advice or guidance at the bureaus at any time regarding their financial affairs, the education of their children, or any other personal matter.

In addition to the governmental measures for the benefit of the bereaved families mentioned above, there have been established various philanthropic institutions, of which the most outstanding is undoubtedly the Imperial Foundation for Relief of Soldiers, whose activities combined with those of the home-front public service associations established in every village and town should be expected to bring about desired results along the line of aiding the families of the honoured war dead.

ORDINANCES RECENTLY PROMULGATED

SECRETARIATE OF THE CABINET

Organization of the Taiwan Wage Commission

(Imperial Ordinance No. 634 of Sept. 11, 1939)

Organization of the Karafuto Wage Commission

(Imperial Ordinance No. 635 of Sept. 11, 1939)

These Commissions have been organized to study important matters relative to the operation of the Wage Control Law in Taiwan and Karafuto in accordance with the provisions set forth under Article 6 of the National General Mobilization Law.

Ordinance Concerning the Effective Date of the Judicial Protective Work Law

(Imperial Ordinance No. 642 of Sept. 13, 1939)

Organization of the Judicial Protective Work Commission

(Imperial Ordinance No. 643 of Sept. 13, 1939)

Ordinance Concerning the Committee for Judicial Protection

(Imperial Ordinance No. 644 of Sept. 13, 1939)

Sept. 14, 1939 is set as the effective date of the Judicial Protective Work Law. The Judicial Protective Work Commission, under the supervision of the Minister of Justice, which is to be composed of a president (the Minister of Justice) and no more than 15 members, has been organized. The competent Minister is authorized, on recommendation of this Commission, to withdraw permission for operating judicial protective work or restrict their operation, if those operating such works in accordance with the provisions of Article 7 of the Law should violate the Law, injure or be suspected of injuring public welfare, or commit indefensible irregularities. The Committee for Judicial Protection has been organized for the purpose of protecting those mentioned under Article 1 of the Law—namely, those discharged from public prosecution with no supplementary suit brought against them, those under a sentence of conditional condemnation, those under suspension of sentence, those exempted from execution of sentence, those released on parole, those who have served out their term, and those who have been under judicial protection in accordance with the

Juvenile Law. This Committee, under the supervision of the Minister of Justice, is to investigate the attitude, environment and circumstances of those under protection, with a view to reshaping their character and assuring their livelihood. Other provisions also have been made in connection with the foregoing.

**Ordinance Concerning Restrictions in Employment of
School Graduates in the Kwantung Leased Territory**

(Imperial Ordinance No. 646 of Sept. 16, 1939)

In view of the present national necessity of controlling the employment of graduates from technical and mining schools in the Kwantung District, this Ordinance has been promulgated.

**Ordinance Concerning the Effective Date of the
Light Metal Industry Law**

(Imperial Ordinance No. 649 of Sept. 16, 1939)

**Ordinance Concerning Operation of Part of the
Light Metal Industry Law in Chosen**

(Imperial Ordinance No. 650 of Sept. 16, 1939)

**Ordinance Concerning Operation of Part of the
Light Metal Industry Law in Taiwan**

(Imperial Ordinance No. 651 of Sept. 16, 1939)

These Ordinances set Sept. 20, 1939 as the effective date of the Light Metal Industry Law, and provide for operating part of the Law in Chosen and Taiwan. Various other provisions necessitated by the operation of the Law also are stipulated.

THE SITUATION IN CHINA

I

ACTIVITIES OF THE JAPANESE MILITARY FORCES

BUREAU OF INFORMATION, WAR DEPARTMENT

The Hunan Campaign

Japanese military operations in China have not been affected by the outbreak of war in Europe, nor have they slackened in view of the campaign for the establishment of a new central government for China. On the contrary, the Japanese Expeditionary Forces in Central China started a large-scale clean-up campaign in Hunan Province in September. Although autumn was far advanced, hot summer weather still prevailed, rendering military operations somewhat difficult.

The Chinese troops engaged in the so-called Ninth War Zone, comprising Hunan and Kiangsi provinces, totalled more than 30 divisions, with a numerical strength of some 400,000. This force included 30 divisions of Central Army troops under the command of General Hsueh Yuch, acting commander-in-chief of the Ninth War Zone, about 12 divisions of Szechwan and Yunnan troops and three divisions comprising remnants of the old Northeastern Army. Following the fall of the three Wuhan cities of Hankow, Wuchang and Hanyang a year ago these Chinese troops had constructed several strong lines of defence facing the Japanese first line. The mountainous topography of Hunan Province represented a big advantage to the Chinese troops in defending their positions. Developments in the military situation of late have proved that the morale of the Chinese forces is not so high as that manifested in the battle for Hankow, but resistance still is quite stiff, regardless.

The Koan Sector

Toward the middle of September, a Japanese detachment started operations from a line connecting Nanchang, capital of Kiangsi Province and an undisclosed district to the west. On September 19, the Japanese converged on Kaoan (Juichow), some 120 kilometres west of Nanchang. Keeping up their strong attack far into the night, they dealt the main body of the Chinese a crushing blow. In this operation, the Japanese engaged approximately 10 enemy divisions, including the 16th, 18th, 31st, 141st, 182nd, 183rd and 184th divisions. Up to this decisive juncture, the Chinese had left about 10,000 dead on Hunan battlefields and lost an additional 1,000 in prisoners of war, including a large number of officers. The Japanese also captured two mountain guns, three howitzers, 17 heavy machine-guns, 29 Skoda light machine-guns, 1,600 rifles and large quantities of ammunition. The Japanese casualties were listed at 60 killed and 196 wounded.

The Tungting Lake Sector

The Japanese troops in the Yochow sector drove south on September 16 in two columns, one along the Canton-Hankow Railway and the other through the mountainous area east of the railway. On September 19, the Japanese broke through the enemy positions on the north banks of the Sintsiang and Shakang rivers. At dawn, September 23, they made successful crossings of the two rivers, marching southward. At 11 o'clock the same morning, the Japanese right column broke through the Chinese positions on the south bank of the Sintsiang River. This column followed up its victory and reached Shihchangchung, eight kilometres south of the Sintsiang River, just nine hours later.

The left column of the attacking force struck the Chinese positions near Pichashan on the north bank of the Shakang River, some four kilometres northwest of Yanglinshu, at dawn on the same day. This column immediately started an attack on the Chinese 195th division, which had taken up positions at a height south of Tienchuan on the south bank of the river. At 11 o'clock that night, the Japanese occupied a salient in the Chinese line. Strengthened by reinforcements brought up from the rear, the Chinese made a desperate stand but were defeated in a night attack.

Another Japanese force, operating in concert with those in the Sintsiang sector, effected a surprise landing near the mouth of the Mi River on the eastern shore of Lake Tungting on the morning of September 23. The following day, this force advanced to Yungtien, pressing hard against the Canton-Hankow Railway and cutting the line at a point west of Kweiyi at 6 p. m., thus facilitating the operations of the main force.

Meanwhile a party of bluejackets effected a landing at the mouth of the Sintsiang River in face of enemy fire. The Japanese bluejackets occupied Chinese positions near Lukio, in concert with the military operations.

After being dislodged from the Sintsiang sector, the defeated Chinese strove to rally their forces in the Mi River region in the south in an attempt to check the Japanese southern drive. Fresh troops also were brought up from the rear for this purpose. Keeping up their southern drive day and night, however, the Japanese frustrated the Chinese attempt by taking Sinshuh, a strategically important town on the south bank of the Mi River on September 26. They pushed farther south the next day in an 18-kilometre march from Sinshuh. Part of the Japanese forces occupied Pingkang on the upper reaches of the Mi River, which forms an important outpost of Changsha, capital of Hunan Province, thus cutting off the retreat of the Chinese troops in northern Hunan Province.

The Tungcheng Sector

Another Japanese detachment operating in the Tungcheng sector reduced the Chinese advance positions near Hwakwei, 12 kilometres northeast of Tungcheng, on September 22. The following day this force broke through the enemy positions at Tsilishuh, 14 kilometres southeast of Tungcheng, advancing to Mashuh the same afternoon. The onslaught made favourable progress as the result of a surprise night attack in which the Chinese troops were pressed back south of the watershed. In this engagement, three

Chinese divisions were encountered. Falling back on the geographical advantage which they derived from the mountainous topography of northern Hunan Province, the Chinese troops put up stubborn resistance. In retreating before the Japanese drives, they systematically destroyed highways to render the Japanese advance more difficult. Undaunted, however, the Japanese started an attack at dawn on September 25 on the enemy positions near Taoshukang, driving four kilometres eastward by 5 o'clock in the afternoon. The next evening, they advanced to a valley near Paochiaung. The Chinese troops engaged here belonged to the 134th and 98th divisions. The Japanese casualties from September 21 to September 25, both inclusive, were 152 wounded.

North China

Northern Shantung and Hopeh Provinces: The Chinese troops under General Kao Shu-hsun, which had taken up positions near the Shantung-Hopeh border east of the Tientsin-Pukow Railway, started operations at the end of August and extended their activities to Nanlo, Puyang and Kwancheng in southern Honan Province by the middle of September. The Japanese forces dispersed them in short order, however, with well coordinated simultaneous attacks.

Eastern Honan Province: From about the middle of September, activity was noted on the part of the Chinese 81st Division and several guerilla units on the left bank of the Yellow River in eastern Honan Province. They were mopped up effectively in a short campaign between September 24 and 29, suffering heavy losses.

Southern Shansi Province: The Japanese garrison forces, which started operating against troops of the Chinese 47th Division on the left bank of the Pi River (in the Luan area, on September 29, succeeded in dispersing them the next day.

Central China

Hunan Front: Several columns of Japanese troops operating against the Chinese in the Ninth War Zone in Kiangsi and Hunan provinces succeeded in dealing a crushing blow to the main body of the Chinese forces near the Mi River in Northern Hunan late in September. It has been ascertained that the Chinese, up to October 3, suffered 25,000 killed and lost 2,500 as prisoners.

Grand Canal: The Oba, Ogawa, Kanazawa, Tsuchiya, Marukawa and Toru detachments, which had been standing by near Chunkiang on the Yangtze Estuary to clear the Grand Canal of Chinese troops and guerillas in cooperation with the Japanese northern forces, started a drive north along the waterway from Shaoposhen on the night of October 1. At 7:40 a. m. the next day, these Japanese units landed at Kaoyu, simultaneously with naval units. After capturing the latter point, the Japanese pushed farther north and effected a junction at Paoying on October 3 with the Japanese forces which had driven south from Hwaiian. Thus the Grand Canal which connects North and Central China was reopened to traffic.

The Chinese troops in this operation suffered 1,100 casualties and lost

200 prisoners, while the Japanese casualties included seven killed and five wounded. One Japanese aeroplane crashed during the campaign.

Chinese Air Raid on Hankow: Nine Chinese aeroplanes raided Hankow at 2:30 p.m., October 3, marking the first such attack since Hankow fell into Japanese hands in the same month, last year. After dropping nine bombs at an objective northwest of Hankow from an altitude of 6,000 metres, the Chinese raiders beat a hasty retreat. The only damage suffered by the Japanese in this attack was the loss of 26 tins of gasoline.

Anking and Wangkiang: On September 27 and 28, the main body of the Chinese 176th Division, which attacked Japanese positions on the north bank of the Yangtze River, were repulsed by the Japanese garrison troops at Anking and Wangkiang. The Japanese mopping up campaign put in motion here is still in progress. In the operations up to October 3, the Chinese troops in this sector left approximately 1,300 dead, while the Japanese casualties were 33 killed and 40 wounded.

South China

Chinese troops in South China had been planning to launch a September offensive near Tsungfa and Hwahsien. On September 1, however, the Japanese forces stole a march on them and upset their plans completely.

During September, the Japanese forces in South China engaged Chinese troops of an aggregate numerical strength of 43,000. The enemy left 4,421 dead on the battlefield and 288 of their men captured. Japanese casualties were 70 killed and 16 wounded.

THE SITUATION IN CHINA

II

ACTIVITIES OF THE IMPERIAL NAVAL AIR FORCE

PUBLICITY BUREAU, NAVY DEPARTMENT

An oft-cited matter that scarcely needs repetition here is the fact that the military and political assistance rendered by the Soviet Union and the financial and material aid extended by Great Britain play an important rôle in the continued resistance of the Chiang Kai-shek régime, which transferred its seat of government to Chungking just a year ago, following the fall of the three Wuhan towns of Hankow, Wuchang and Hanyang.

Prompted by the desire to nullify such third Power assistance to the Chiang Kai-shek Government, the Japanese naval air force has been making sustained attacks on Chungking and other military and political bases of the régime.

Meanwhile, war has broken out in Europe as a sequel to the Danzig controversy.

In this connection, the Japanese Government on September 4 issued a statement, enunciating its policy of non-intervention and announcing its decision to concentrate its full effort on the settlement of the China Affair.

Fulfilling its rôle in this regard, the naval air force has redoubled its efforts to wipe out the important remaining military bases of the Chinese Nationalist Government. Between May 3 and October 4, naval fliers carried out 20 raids against Chungking. The first air raid was launched on the first date mentioned, when naval air units commanded by Lieutenant-Commanders Masuda and Irisa visited Chungking and bombed the headquarters of the Chinese Military Council. In the ensuing aerial combat, the Japanese fliers brought down 10 Chinese planes, losing two themselves. A second raid was carried out on the evening of May 4, when the Air-Defence Headquarters and the offices of the Military Council were effectively bombed. This time, all the Japanese aeroplanes participating in the flight returned to the base.

A third raid took place on May 12, when a squadron led by Lieutenant-Commander Irisa droned over Chungking and bombed military barracks and munition factories at Kiayin, on the north bank of the Yangtze River opposite the city. The objectives were destroyed and one Chinese plane was shot down.

Number four was a moonlight raid on the night of May 25. On this occasion, Lieutenant-Commander Yamakami's unit brought down one Chinese plane, but lost one of its own to equalize the score. Another night raid, rendered doubly hazardous by adverse weather conditions, was carried out on June 9. The naval air units, led by Commander Asano, appeared over Chungking after a difficult flight requiring several hours, and

effectively bombed military establishments in and around the city, again including the headquarters of the Military Council as well as anti-aircraft batteries near Central Park and other strategic positions.

In the sixth raid, directed by Lieutenant-Commander Masuda and occurring at 9:20 p. m., June 11, the official residence of General Chiang and several Government buildings were bombed.

A seventh raid took place at dawn, July 6, aided by fine weather following a long spell of rain.

The Japanese naval air force fittingly observed the second anniversary of the outbreak of the China Affair on July 7 by carrying out its eighth raid on Chungking, despite unfavourable weather for the project. It was done at night. Flying under low-hanging clouds, the raiders made two attacks. In the first, they devoted their attention to the northeastern part of the town, bombing the gendarmerie headquarters and Government buildings. In the second attack, the bombing was concentrated on the sections north and west of Central Park.

The ninth of the series was made by a large force of naval bombers on July 24, and the 10th raid was carried out under a full moon one week later under command of Lieutenant-Commander Tanaka.

This was the halfway mark in the period under review. The administrative and military quarters in Chungking had been badly shattered by this time, fires having added to the destruction, and many Government organs had moved out of the city. The régime's resistance continued, however, and so did the bombings.

With the dawn on August 3 came the 11th raid and the second for Commander Asano, at the head of a large force of naval planes. Twenty-four hours later, bombs plunged down from the sky on those military establishments which had escaped the previous attacks, and also on the airfield at Kwangyangpa, a suburb of Chungking.

The Chiang Kai-shek Government had established what appeared to be its last defence positions at Hsiaolungkan, 10 kilometres west of Chungking. On the night of August 23, a flight was again formed by Commander Asano to attack these new and heavily fortified positions. The Japanese fliers fought off five Chinese planes and braved intense anti-aircraft fire to get at their objectives. They nevertheless succeeded in bombing the military establishments and munition factories there, and fires raged in six places as they winged back to their base.

The 14th raid was carried out at midnight, August 28, by a large squadron of naval planes under the joint command of Captain Okuda and Captain Andoh, taking advantage of moonlight visibility. Hsiaolungkan, again was bombed in the course of this attack, with the result that fires were started at nine separate places. To complete their night's work, the raiders dropped more than 100,000 handbills over Chungking on their way back.

On August 30, a naval air-unit again visited Chungking to attack its airfield. At midnight, September 3, another raid was made on Hsiaolungkan. Several Chinese planes offered a challenge, but they did not prevent the Japanese fliers from carrying out their assignment, which was to bomb the military establishments. The same day witnessed the start of the second European war, when Great Britain and France came to the aid of

Poland and declared war against Germany.

Since Japan is staying aloof from the struggle on the western Continent, the outbreak of the European war has not affected the operations of the Japanese naval air force, which, in accordance with the Government's fixed policy with regard to the China Affair, is making persistent attacks on all remaining Chinese military bases in the hinterlands of China. The Chinese air force, which has made repeated attempts to reorganize itself to no purpose, maintains its base in the Kwangyangpa. Such planes as remain manage to preserve themselves only by vanishing in the opposite direction when Japanese naval raiders appear in the sky.

On September 11, Luchow, 140 kilometres south of Chungking on the Yangtze River, was subjected to a Japanese air attack in which military depots and other establishments were bombed, and from which all the participating planes returned safely to their base.

On September 28 and 29, naval aircraft in considerable numbers effected sustained attacks on various key points in the hinterland. At midnight in between, another unit raided the Kwangyangpa airfield in the suburbs, after repulsing several Chinese planes. The planes checked in safely to their base at dawn.

Later the same day, the 18th raid was carried out on the squalid Szechwan city. The Kwangyangpa airfield was bombed again, as was the airfield at Suining, 150 kilometres east of Chengtu, the latter for the first time. At 10 p. m., a squadron, led by Lieutenant Nakamura attacked the Kwangyangpa airfield and bombed it effectively, making the third attack on the Chinese air force base in less than 24 hours. They met with no heavy anti-aircraft fire, bespeaking the effectiveness of the previous raids.

At dawn, October 2, another surprise visit was paid to Chengtu, with perfect autumnal weather prevailing. The visitors dropped their calling cards on the suburban airfield at Hwangshan. A dog-fight developed between the Japanese raiders and Chinese defenders, with the latter supported by heavy anti-aircraft fire. The assignment was executed efficiently despite the distraction, however, and the naval planes flew back to the base although some of them had been hit by machine-gun bullets. These successful raids on Chengtu frustrated Chinese attempts to reorganize their air force with the Hwangshan airfield as their base.

A large force of naval planes under the command of Lieutenant Nakamura raided Chungking at dawn on October 4 and bombed Chinese Government offices in the western suburbs. They flew on to Hsiaolungkan, attacking military establishments there and causing another conflagration in this town.

The 20 air-raids successfully carried out against Chungking by the naval air force since May 3, coupled with the combined attacks made by the Japanese military and naval forces on various key points in the hinterland, have served to further weaken the position of the Chiang Kai-shek régime, which is reported to have moved its administrative offices to points deeper into the interior. Meanwhile, the campaign for the organization of a new central régime in China is sweeping over the length and breadth of the country, portending the imminent birth of a new order of East Asia in the near future.

*Published by Mitsunori Kakehi, The Tokyo Gazette Publishing House, Naikahujobaku
Bromé Bldg., 1, 2-chome Nagata-cho, Kojimachi-ku, Tokyo. Printed by K. Kozakai,
the Kankyocho, 2 Kaguracho 2-chome, Utsunomiya, Tokyo.*

Annual Subscription including postage Nine Yen in Japan, Twelve Shillings in the British
Empire and Three Dollars in U.S.A.
75 sen, 1 shilling or 30 cents per copy.

昭和十四年十一月一日 印刷 昭和十四年十一月一日 發行
發行所 東京市豊町區永田町二ノ一内附信販部分室内 東京ダゼット發行所
印刷所 東京市日島區自由ヶ丘三一九 信 光 園
印刷所 東京市牛込區錦町一ノ二 小 瀬 井 吉 藏
印刷所 東京市牛込區錦町一ノ二 研 究 社 印 刷 所

"Japanese Standard Size B₁."